

GIT-3, Credit for Taxes Paid to Other Jurisdictions

Introduction

If you are a resident of New Jersey and you paid income tax both to New Jersey and to another jurisdiction outside of New Jersey on the same income in the same tax year, you may be entitled to a credit against the income tax you owe to New Jersey. This bulletin explains when you are eligible to claim the credit and describes how to calculate the amount of your credit on Schedule A of Form NJ-1040.

Throughout the bulletin are examples showing how the credit is calculated in typical situations. Special attention has been given to computing the tax credit on income from New York and Pennsylvania, as well as to situations where cities or towns tax the salaries, wages, or other income earned within their jurisdictions (e.g., New York City, Philadelphia). All New Jersey tax calculations shown in the examples use figures from the tax tables contained in the New Jersey Resident Income Tax Return (Form NJ-1040).

Qualifying for the Credit

As a New Jersey resident, you are required to report on your tax return all taxable income you receive, whether the income is from New Jersey or from a source outside this State (another jurisdiction). If you have income from another jurisdiction and you paid tax on that income, you will qualify for the credit if the income was subject in the same year to both:

1. Income or wage tax imposed by another jurisdiction outside of New Jersey; **and**
2. New Jersey income tax.

For this purpose, “jurisdiction” means any state (other than New Jersey) of the United States or political subdivision of such state, or the District of Columbia. Therefore, no credit is allowed for taxes paid to the U.S. Government, Canada, Puerto Rico or any other foreign country or territory. For example, a taxpayer who lives in New Jersey and works in Delaware can claim a credit on his/her New Jersey resident return for taxes paid to Delaware on the wages earned there. The wages are taxed by both New Jersey and Delaware in the same year, and Delaware is considered “another jurisdiction.” However, a New Jersey resident who pays tax to Canada on business income from that country cannot claim the credit. The income must be reported on the taxpayer’s New Jersey return, and is also subject to tax by Canada, but a foreign

country is not considered “another jurisdiction” for purposes of the credit.

Applying for the Credit

To receive credit for taxes paid to other jurisdiction(s) you must:

1. Complete New Jersey Schedule A, Form NJ-1040, in its entirety;
2. Enclose Schedule A* with your NJ-1040 income tax return; and
3. Enclose a copy of the completed income tax return(s) you filed with the other jurisdiction(s).

*When you are claiming credit for income or wage taxes paid to more than one jurisdiction, complete and enclose a separate Schedule A for each jurisdiction. Any credit claimed for taxes paid to another state’s political subdivision (city, town, etc.) should also be treated as a separate jurisdiction.

Taxpayers often misinterpret the Schedule A credit. The credit reduces your New Jersey income tax. It does not entitle you to flatly take a credit for the total amount of taxes that you paid to the other jurisdiction. Neither does it mean that the taxes you paid to another state or city are being refunded to you by New Jersey as a credit on your New Jersey income tax return.

The credit represents the amount of New Jersey income tax that would have been imposed if the income earned in the other jurisdiction had been earned in New Jersey, or the amount of tax actually paid to the other jurisdiction, whichever is less.

Completing Schedule A

If you are eligible to receive a property tax deduction or credit you must complete Schedule A for each jurisdiction for which you are claiming a credit for taxes paid. Then you must complete Worksheet F to determine whether you receive a greater benefit by claiming the property tax deduction or taking the property tax credit. If you are claiming a credit for taxes paid to another jurisdiction but you are not eligible for a property tax benefit, only complete Column B of Schedule A. Enter the amount from Line 9, Column B, on Line 39, Form NJ-1040. Make no entry on Lines 36 or 44, Form NJ-1040. For more information on the property tax deduction/credit and eligibility requirements, see instructions contained in the New Jersey Resident Income Tax Return Instruction Booklet, Form NJ-1040-P, or request our publication, *Property Tax Deduction/Credit Frequently Asked Questions*.

Line 1 - Income Actually Taxed by Other

Jurisdiction. Enter the amount of income you received during the year which was actually taxed by the other jurisdiction. Also enter the name of the taxing jurisdiction in the space provided.

The amount on Line 1 should be the adjusted income of the other jurisdiction before personal exemptions and standard and/or other itemized deductions are subtracted. Any income on Line 1 of Schedule A must also be included in the amount shown on Line 2 of Schedule A since to be eligible for the credit, the income must be taxed by **both** New Jersey and the other jurisdiction. The amount on Line 1 cannot exceed the amount on Line 2.

Include on Line 1 of Schedule A only the amounts properly taxed by the other jurisdiction.

Generally this includes compensation for services performed; net profits from a business, trade or profession carried on in the other jurisdiction; S corporation income or partnership income allocated to the other jurisdiction; or income or gains from the ownership or sale of real or personal property in the other jurisdiction.

Amounts you received as interest, dividends and other income from intangible personal property such as savings accounts, stocks, bonds and other securities are usually taxable only to your state of residence. Such income cannot be included on Line 1 unless (1) the income was derived from a business, trade or profession carried on in the other jurisdiction, or (2) you file a resident return with the other jurisdiction as well as with New Jersey and report the income on both tax returns. If you are filing resident returns in two states, you may claim the credit in New Jersey only if you are not claiming a similar credit on the other state's return.

Do not include on Line 1 of Schedule A:

1. Income which is not subject to New Jersey income tax (even though it may be subject to tax by the other jurisdiction). For example, unemployment compensation, which is exempt from income tax in New Jersey, may not be included on Line 1, even if it is taxed by another state. In other words, when completing Line 1 of Schedule A, it may be necessary to adjust the income figure from the tax return of the other jurisdiction to exclude amounts not subject to New Jersey tax.
2. Income which you excluded or deducted in arriving at the income actually taxed by the other jurisdiction. The adjusted income figure

from the other jurisdiction's tax return (if a return is required) should be used on Line 1. To arrive at this figure, items such as IRA and Keogh Plan contributions, employee business expenses, moving expenses and alimony should have been deducted from your gross income on the tax return of the other jurisdiction.

3. Income subject to tax by any foreign country or territory.

Line 2 - Income Subject to Tax by New Jersey.

Enter the amount of New Jersey income reported on Line 27, Form NJ-1040, plus the amount of any Pension Exclusion on Line 19b.

Line 2 must represent your total income before any deductions or exclusions have been taken.

Therefore, it is necessary to add the amount of Pension Exclusion, if any, to the amount on Line 27 to determine the total income figure for this calculation.

NOTE: The amount on Line 1 of Schedule A may never exceed the amount on Line 2.

Line 3 - Maximum Allowable Credit

Percentage. Divide Line 1 (Income Actually Taxed by Other Jurisdiction) by Line 2 (Income Subject to Tax by New Jersey). Since Line 1 can never be more than Line 2, the result will be 100% or less.

If you are not eligible to claim a property tax deduction or credit, only complete Column B to determine your credit for taxes paid to other jurisdictions. Total the amounts from Line 9, Column B, of all Schedule As completed and enter that amount on Line 39, Form NJ-1040. Make no entry on Lines 36 or 44, Form NJ-1040.

Line 4 - Taxable Income. For each column, enter on Line 4 the amount of your taxable income from Line 35, Form NJ-1040.

Line 5 - Property Tax and Deduction. If you were a qualified homeowner or tenant during the tax year, you may be entitled to a property tax deduction **or** property tax credit. If you qualify, enter in Box A your property taxes (or 18% of rent) due and paid during the taxable year on your qualified residence. If the amount in Box A is \$10,000 or more, enter \$10,000 on Line 5. If the amount in Box A is less than \$10,000, enter that amount on Line 5.

Married, Filing Separate Return. If your filing status is married, filing separate return and you and your spouse maintained the same principal residence, enter in Box A one-half of the property taxes (or 18% of rent) due and paid. If the amount in Box A is \$5,000 or more, enter \$5,000 on Line 5. If the amount in Box A is less than \$5,000, enter that amount on Line 5.

Property Tax Reimbursement Recipients. If you became eligible for a property tax reimbursement in 1999 and you are eligible for a reimbursement for the difference between your 1999 property taxes and your 2000 property taxes, you must enter on Line 1 the amount of your **1999 property taxes** due and paid as reported on your 2000 Property Tax Reimbursement Application, Form PTR-1. (Mobile home owners enter 18% of your 1999 site fee.) If you owned your home with someone other than your spouse, the amount of 1999 property taxes you report must reflect your percentage of ownership.

If you became eligible for a property tax reimbursement in 1997 or 1998, and you received reimbursement checks for 1998 and/or 1999, the year you became eligible is your “base” year. Enter the amount of your base year property taxes or 18% of your base year site fee on Line 1. (The amount of your base year property taxes or site fee is shown on Line 7 of your New Jersey Property Tax Reimbursement Application, Form PTR-2). If you owned your home with someone other than your spouse, the amount of base year property taxes you report must reflect your percentage of ownership.

Multiple Residences, Owners, Dwelling Units or Tenants. Complete Schedule HR-A contained in the New Jersey Resident Income Tax Return Instruction Booklet, Form NJ-1040-P, before completing Box A, Line 5, Schedule A if:

- You lived in more than one qualifying residence during the tax year; or
- You shared ownership of a principal residence during the year with anyone, other than your spouse; or
- Your principal residence during the year consisted of multiple dwelling units; or
- Anyone other than your spouse occupied and shared rent with you for an apartment or other rental dwelling unit.

If you were a homeowner, enter the amount from Line 6, Schedule HR-A, in Box A, Line 5, Schedule A. If you were a tenant, enter 18% of the amount from Line 12, Schedule HR-A, in Box A, Line 5, Schedule A. If you were both a homeowner and a tenant during the year, add the amount from Line 6, Schedule HR-A and 18% of the amount from Line

12, Schedule HR-A and enter the total in Box A, Line 5, Schedule A.

Part-year Residents. A part-year resident who meets the qualifications is eligible for a property tax deduction or credit. Enter in Box A, Line 5, Schedule A, the total amount of property taxes (or 18% of rent) due and paid during the period of residence.

Line 6 - New Jersey Taxable Income. For each column, subtract Line 5 from Line 4 and enter the amount on Line 6.

Line 7 - Tax on Line 6 Amount. For each column, enter on Line 7 the amount of tax due on the income entered on Line 6. Use the Tax Table or the Tax Rate Schedules contained in Form NJ-1040-P to calculate the amount of tax due.

Line 8 - Maximum Allowable Credit. For each column, multiply the amount on Line 7 by the percentage on Line 3 and enter the amount on Line 8.

Line 9 - Credit for Taxes Paid to Other Jurisdiction. Enter in Box B the total amount of

income or wage tax paid to the other jurisdiction on the amount of income shown on Line 1. Enter the total tax liability to the other jurisdiction from the other jurisdiction's tax return. If the other jurisdiction does not require the filing of a tax return, Box B of Schedule A may be the taxes withheld for the jurisdiction. If you adjusted the income on Line 1 of Schedule A because you had income taxed by more than one jurisdiction, enter only the tax paid on the adjusted amount shown on Line 1.

For each column, enter on Line 9 the lesser of Line 8, Maximum Allowable Credit, or the amount in Box B, amount of income or wage tax paid to the other jurisdiction on the income shown on Line 1, Schedule A.

If you are eligible for a property tax deduction or credit, complete Worksheet F contained in Form NJ-1040-P. If you are not eligible for a property tax deduction or credit, enter the amount from Line 9, Column B, Schedule A, on Line 39, Form NJ-1040, and make no entry on Lines 36 or 44, Form NJ-1040.

Example #1

All New Jersey Income Taxed in Another Jurisdiction

John Smith is a full year New Jersey resident who works in another jurisdiction. His filing status is single and his income consists solely of his \$15,000 in wages. The amount actually taxed by the other jurisdiction is \$15,000 and the income tax John paid to the other jurisdiction is \$395. Since all of John's income was earned and taxed in the other jurisdiction, his maximum allowable credit equals 100% of the New Jersey tax liability. And since the other jurisdiction has a higher income tax rate than

New Jersey, the credit John will receive on his New Jersey return will completely offset his New Jersey income tax liability. John is also eligible for a property tax deduction or credit. He paid \$5,400 in rent during the tax year. John will complete Schedule A and Worksheet F as shown on the next page.

Since the amount on line 4, Worksheet F is less than \$50, John will take the property tax credit on Line 44, Form NJ-1040 rather than the deduction on Line 36. He will use the figure on line 2, Column B, Worksheet F to claim his credit for taxes paid to other jurisdictions on Line 39, Form NJ-1040.

**Schedule A CREDIT FOR INCOME OR WAGE TAXES
PAID TO OTHER JURISDICTION**

If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.

A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE ENCLOSED WITH FORM NJ-1040

1.	Income actually taxed by other jurisdiction during tax year (indicate name _____ jurisdiction name _____) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)	1.	15,000		
2.	Income subject to tax by New Jersey (From Line 27, Form NJ-1040)	2.	15,000		
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1	15,000		
		2	15,000		
IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN		COLUMN A		COLUMN B	
4.	Taxable Income (after Exemptions and Deductions) from Line 35, Form NJ-1040	4.	14,000	4.	14,000
5.	Property Tax and Deduction Enter property tax or 18% of rent due and paid in 2000. See instructions. Eligible amount (Box A, or \$10,000, whichever is less) See instructions.	A.	972	5.	- 0 -
6.	New Jersey Taxable Income (Line 4 minus Line 5)	6.	13,028	6.	14,000
7.	Tax on Line 6 amount (From Tax Tables or Tax Rate Schedules)	7.	182	7.	196
8.	Maximum Allowable Credit (Line 3 times Line 7)	8.	182	8.	196
9.	Credit for Taxes Paid to Other Jurisdictions Enter in Box B the income or wage tax paid to other jurisdictions during tax year on income shown on Line 1. See instructions. Credit allowed. (Enter lesser of Line 8 or Box B) (The credit may not exceed your New Jersey tax on Line 38).	B.	395	9.	182
				9.	196

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 39, Form NJ-1040. Make no entry on Lines 36 or 44, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet F to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

**Worksheet F
Which Property Tax Benefit to Use**

	COLUMN A	COLUMN B
1. Tax. Enter amounts from Line 7, Schedule A, Columns A and B here	1. 182	1. 196
2. Credit for Taxes Paid to Other Jurisdictions. Enter amounts from Line 9, Schedule A, Columns A and B here. If you completed more than one Schedule A, enter the total of all Line 9 amounts (Columns A and B) in the corresponding column	2. 182	2. 196
3. Balance of Tax Due. Subtract line 2 from line 1 in each column	3. 0	3. 0
4. Subtract line 3, Column A from line 3, Column B and enter result here		4. 0

- If line 4 is \$50 or more (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse), you receive a greater benefit by taking the property tax deduction. Enter the amount from Line 5, Column A, Schedule A on Line 36, Form NJ-1040; make no entry on Line 44, Form NJ-1040; and enter the amount from line 2, Column A above on Line 39, Form NJ-1040.
- If line 4 is less than \$50 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse), you receive a greater benefit from the property tax credit. Enter \$50 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse) on Line 44, Form NJ-1040; make no entry on Line 36, Form NJ-1040; and enter the amount from line 2, Column B above on Line 39, Form NJ-1040.
- If line 4 is less than \$50 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse) and you are filing a part-year return, see instructions.

Example #2

Part of New Jersey Income Taxed in Another Jurisdiction

Jack Jones is single and a full year New Jersey resident. Jack has one dependent. His other jurisdiction wages are \$12,500. The amount actually taxed by the other jurisdiction is \$12,500 and the income tax paid to the other jurisdiction is \$400. Jack also reported \$2,000 in interest, \$3,000 in dividends and \$21,000 in capital gains on his New Jersey return.

The maximum allowable credit can never exceed the proportion that the out-of-State income bears to the total New Jersey taxable income multiplied by the New Jersey tax. In this example, only 32.5% of Jack's income was subject to the other jurisdiction's tax. Jack is also eligible for a property tax deduction or credit. He paid \$5,000 in property taxes during the tax year. Jack will complete Schedule A and Worksheet F as follows:

Schedule A CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION		If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.			
A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE ENCLOSED WITH FORM NJ-1040					
1.	Income actually taxed by other jurisdiction during tax year (indicate name <u>jurisdiction name</u>) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)				
		1.	12,500		
2.	Income subject to tax by New Jersey (From Line 27, Form NJ-1040)	2.	38,500		
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1	12,500	2	38,500
		3.	32.5 %		
IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN		COLUMN A		COLUMN B	
4.	Taxable Income (after Exemptions and Deductions) from Line 35, Form NJ-1040	4.	36,000	4.	36,000
5.	Property Tax and Deduction Enter property tax or 18% of rent due and paid in 2000. See instructions. Eligible amount (Box A, or \$10,000, whichever is less) See instructions.	A.	5,000	5.	- 0 -
6.	New Jersey Taxable Income (Line 4 minus Line 5)	6.	31,000	6.	36,000
7.	Tax on Line 6 amount (From Tax Tables or Tax Rate Schedules)	7.	473	7.	578
8.	Maximum Allowable Credit (Line 3 times Line 7)	8.	154	8.	188
9.	Credit for Taxes Paid to Other Jurisdictions Enter in Box B the income or wage tax paid to other jurisdictions during tax year on income shown on Line 1. See instructions. Credit allowed. (Enter lesser of Line 8 or Box B) (The credit may not exceed your New Jersey tax on Line 38).	B.	400	9.	154
		9.	188		

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 39, Form NJ-1040. Make no entry on Lines 36 or 44, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet F to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

Worksheet F Which Property Tax Benefit to Use						
	COLUMN A			COLUMN B		
1. Tax. Enter amounts from Line 7, Schedule A, Columns A and B here.....	1.	473		1.	578	
2. Credit for Taxes Paid to Other Jurisdictions. Enter amounts from Line 9, Schedule A, Columns A and B here. If you completed more than one Schedule A, enter the total of all Line 9 amounts (Columns A and B) in the corresponding column.	2.	154		2.	188	
3. Balance of Tax Due. Subtract line 2 from line 1 in each column.....	3.	319		3.	390	
4. Subtract line 3, Column A from line 3, Column B and enter result here				4.	71	
<ul style="list-style-type: none"> ♦ If line 4 is \$50 or more (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse), you receive a greater benefit by taking the property tax deduction. Enter the amount from Line 5, Column A, Schedule A on Line 36, Form NJ-1040; make no entry on Line 44, Form NJ-1040; and enter the amount from line 2, Column A above on Line 39, Form NJ-1040. ♦ If line 4 is less than \$50 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse), you receive a greater benefit from the property tax credit. Enter \$50 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse) on Line 44, Form NJ-1040; make no entry on Line 36, Form NJ-1040; and enter the amount from line 2, Column B above on Line 39, Form NJ-1040. ♦ If line 4 is less than \$50 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse) and you are filing a part-year return, see instructions. 						

Since the amount on line 4, Worksheet F is more than \$50, Jack will take the property tax deduction on Line 36, Form NJ-1040, rather than the credit on Line 44. He will use the figure on line 2, Col. A, Worksheet F to claim his credit for taxes paid to other jurisdictions on Line 39, Form NJ-1040.

Example #3

Income from Two States Outside of New Jersey

George and Francine Grey are married filing jointly and are full year New Jersey residents. George's wages of \$12,000 were earned in New York State. His New York taxable income (from New York Form IT-203) was \$10,500 and the taxes paid to New York were \$600. Francine worked in Delaware and her income from Delaware was \$8,000. She paid \$130 in Delaware income tax based on her \$8,000 wages. The Greys also reported \$1,000 in interest and \$2,000 in dividends for the year.

Since they are claiming a credit for taxes paid to more than one jurisdiction, the Greys completed a Schedule A for New York State and one for Delaware in order to calculate the credit for each jurisdiction separately. They are not entitled to a property tax deduction or credit.

To determine the total tax credit for Line 39, Form NJ-1040 in this situation, complete only Column B of each Schedule A as if no other state were involved. Then add the amounts from Line 9, Column B of each Schedule A and enter the total on Line 39.

Credit for Taxes Paid to New York State

Schedule A		CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION		If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.			
A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE ENCLOSED WITH FORM NJ-1040							
1.	Income actually taxed by other jurisdiction during tax year (indicate name <u>New York State</u>) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)	1.	10,500				
2.	Income subject to tax by New Jersey (From Line 27, Form NJ-1040)	2.	23,000				
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1	10,500	2	23,000	3.	45.7 %
IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN				COLUMN A		COLUMN B	
4.	Taxable Income (after Exemptions and Deductions) from Line 35, Form NJ-1040	4.				4.	21,000
5.	Property Tax and Deduction Enter property tax or 18% of rent due and paid in 2000. See instructions. Eligible amount (Box A, or \$10,000, whichever is less) See instructions.	A.		5.		5.	- 0 -
6.	New Jersey Taxable Income (Line 4 minus Line 5)	6.				6.	21,000
7.	Tax on Line 6 amount (From Tax Tables or Tax Rate Schedules)	7.				7.	298
8.	Maximum Allowable Credit (Line 3 times Line 7)	8.				8.	136
9.	Credit for Taxes Paid to Other Jurisdictions Enter in Box B the income or wage tax paid to other jurisdictions during tax year on income shown on Line 1. See instructions. Credit allowed. (Enter lesser of Line 8 or Box B) (The credit may not exceed your New Jersey tax on Line 38).	B.	600	9.		9.	136

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 39, Form NJ-1040. Make no entry on Lines 36 or 44, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet F to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

Credit for Taxes Paid to Delaware

Schedule A CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION		If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.	
A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE ENCLOSED WITH FORM NJ-1040			
1.	Income actually taxed by other jurisdiction during tax year (indicate name <u>Delaware</u>) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)	1.	8,000
2.	Income subject to tax by New Jersey (From Line 27, Form NJ-1040)	2.	23,000
3.	Maximum Allowable Credit Percentage <u>1</u> 8,000 (Divide Line 2 into Line 1) <u>2</u> 23,000	3.	34.8 %
IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN		COLUMN A	COLUMN B
4.	Taxable Income (after Exemptions and Deductions) from Line 35, Form NJ-1040	4.	21,000
5.	Property Tax and Deduction Enter property tax or 18% of rent due and paid in 2000. See instructions. Eligible amount (Box A, or \$10,000, whichever is less) See instructions.	5.	- 0 -
6.	New Jersey Taxable Income (Line 4 minus Line 5)	6.	21,000
7.	Tax on Line 6 amount (From Tax Tables or Tax Rate Schedules)	7.	298
8.	Maximum Allowable Credit (Line 3 times Line 7)	8.	104
9.	Credit for Taxes Paid to Other Jurisdictions Enter in Box B the income or wage tax paid to other jurisdictions during tax year on income shown on Line 1. See instructions. Credit allowed. (Enter lesser of Line 8 or Box B) (The credit may not exceed your New Jersey tax on Line 38).	9.	104

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 39, Form NJ-1040. Make no entry on Lines 36 or 44, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet F to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

S Corporation Income

Chapter 173, P.L. 1993 provides that a New Jersey corporation may elect to be treated as a New Jersey S corporation. It also provides that a New Jersey resident who is a shareholder in a Federal S corporation will be treated as an S corporation shareholder, even if the corporation did not make the New Jersey election. Shareholders are taxed at the time the income is earned by the corporation (whether distributed or undistributed). The net pro rata share of S corporation income is reported to New Jersey on Line 21, Form NJ-1040. If you paid income taxes

or wage taxes to another jurisdiction on your S corporation income and that income is also taxed in New Jersey in the same tax year, you may be entitled to a credit on Form NJ-1040. For more information on the treatment of S corporation income and distributions qualifying for a credit, request Tax Topic Bulletin GIT-9S, *Income from S Corporations*.

Income From New York

New Jersey residents who work in New York or who earn other taxable income there are often

taxed on an amount less than their actual income due to the many allowable New York income tax deductions. When claiming credit for taxes paid to New York, Line 1, Schedule A, of Form NJ-1040 should reflect the “New York State Amount”

actually taxed by New York from the New York Nonresident Return, Form IT-203.

Because of New York’s method of computing tax for nonresident taxpayers, it is not possible to identify one particular line on the New York tax return which represents the income subject to tax in New York. Be sure to follow the instructions to the New York State Nonresident Return (Form IT-203) very carefully to insure that you include the correct items and amounts of income in the New York State Amount column. If the New York IT-203 is completed correctly, the income (or loss) reported in the New York State Amount column will only include income earned from sources in that state.

Items such as interest earned from a New York bank account or dividends paid by a New York corporation are not taxable in New York **unless** such income is from property employed in a trade, business, profession or occupation carried on in that state. In no case should a taxpayer who was a full year New Jersey resident (and a nonresident of New York) have entries on Line 4 (taxable refunds of state and local income tax unless the refunds are deducted on Line 23, New York State Amount), Line 5 (alimony) or Line 14 (taxable amount of Social Security benefits) in the New York State Amount column. Any net gain from the sale of Federal and/or New Jersey exempt obligations, Line 7, New York State Amount, must be subtracted from Line 30, New York State Amount. A

full year New Jersey resident who had no income from New York sources other than wages should have no entry in the New York State Amount column on Lines 2 through 15.

Items of income (or loss) which correctly appear in the New York State Amount (NYSA) column, and are **actually taxed** by New York after the required adjustments are made, are used to calculate the credit for taxes paid, **as long as that income is also taxed in New Jersey**. If, for example, a New Jersey resident earned \$100,000 of wages from working in New York and also had a rental loss of \$10,000 from property in that state, only \$90,000 is actually taxed in New York (\$100,000 - \$10,000 = \$90,000). Similarly, a New Jersey resident who received unemployment compensation which was derived or resulted from employment in New York State must reduce the amount on Line 30, New York State Amount column, by the amount of unemployment compensation reported in that column on Line 13, because such amounts are not taxed in New Jersey.

If a taxpayer had \$100,000 of New York wages and had rental income of \$5,000 from property in that state, the income actually taxed in New York is \$105,000. But, if that taxpayer also had a \$6,000 rental loss from property located in New Jersey, he would use the New Jersey rental loss to completely offset the New York gain and have no rental income **taxed in New Jersey**. The taxpayer cannot use the New York rental income in the calculation of the credit for taxes paid to New York because it is not **actually subject to tax in both jurisdictions**. He may only include \$100,000 on Line 1, Schedule A.

Other Adjustments

For the purposes of determining the amount to be placed on Line 1, Schedule A, the New York Additions which are required to be made on the New York IT-203 (Lines 19 through 21) can only be used to adjust the total on Line 18 in the New York State Amount column if that adjustment is:

1. Consistent with New Jersey tax law; **and**
2. Attributable to amounts which properly appear in the New York State Amount column.

Although there are exceptions to this general rule, when calculating the amount for Line 1, Schedule A, NJ-1040, the New York subtractions on Lines 23 through 29 which are attributable to income reported in the New York State Amount column must be subtracted from the amount on Line 18, New York State Amount column. This is because the amounts that are subtracted are not being taxed by New York and cannot, therefore, be a part of the credit calculation. For example, any pension and annuity exclusion to which you may be entitled under New York law must be subtracted from the amount on Line 18, New York State Amount column, if you included pension and annuity income on Line 10 in the New York State Amount column. All additions and subtractions are reflected on Line 30, New York adjusted gross income.

When ordinary and necessary expenses are incurred to purchase securities in connection with a New York trade or business, and the interest income from the securities is exempt from tax in New York, these expenses must be added back on Line 21 of the IT-203. When calculating the credit for taxes paid to New York, the amount of this New York addition is not to be added to the

amount on Line 18, New York State Amount column. This is because under New Jersey tax law, expenses incurred for the purchase of tax exempt securities may be used to offset income generated by other securities when calculating net profits from business (i.e., when offset these expenses are not taxed in New Jersey). Line 30, New York State Amount, must also be reduced by any other adjustments included on Line 21, New York State column, which are not added back into the amount used to determine New Jersey gross income.

Depreciation. To determine the amount for Line 1, Schedule A, an adjustment should be made for the amount of ACRS on Line 21, New York IT-203, only if:

1. The ACRS is attributable to property located in New York which generated income (or loss) that appears in the New York State Amount column; and
2. The income is also taxed in New Jersey.

Add back the appropriate amount of ACRS from Line 21, New York IT-203, **only** if it is less than the amount of New York State depreciation on Line 28, Form IT-203. The corresponding amount on Line 28 should then be subtracted. No adjustment should be made if the ACRS is greater than the New York State depreciation.

Lump-Sum Distributions Received From a New York Source

Since New York taxes lump-sum distributions differently than wages and other types of income, New Jersey residents who are subject to New York State income tax on both lump-sum distributions and other income should complete

separate Schedule As to arrive at the total credit for taxes paid. The credit allowed is the total of Line 9 from both Schedule As. Enter the total on Line 39 of Form NJ-1040. Both Schedule As must be enclosed with your New Jersey income tax return.

Same Income Taxed by Two Jurisdictions (Outside NJ)

Separate tax liabilities on the same income usually occur when a state and a municipality both tax the same wages or income. Since the taxing structure of each jurisdiction can differ, the amount taxed by each jurisdiction may differ.

Income can only be reported once on Line 1, Schedule A. If you pay tax to two jurisdictions on the same income and the amounts of income taxed by each jurisdiction differ, you may be entitled to claim two credits. One credit is based on the amount taxed by one of the jurisdictions, and the second credit is based on the **difference** between the amounts taxed by the two jurisdictions.

If the amounts taxed by the two jurisdictions are the same, and the amount of tax paid to one of the jurisdictions is greater than the Maximum Allowable Credit (Line 8, Schedule A) complete a Schedule A for only that jurisdiction.

Example #4

Same Income Taxed By Two Jurisdictions

John and Mary Brown are married, file jointly, and are full year New Jersey residents. Mary earned \$15,000 in New Jersey and John earned \$30,000 in Yonkers. John's New York source income actually taxed on his New York State tax return was \$20,000 and the tax paid to New York State was \$1,600. His Yonkers income actually taxed was \$30,000 and his tax paid to Yonkers was \$135. To determine the total tax credit for Line 39, Form NJ-1040, the Browns must complete two separate Schedule As, one for New York State and one for Yonkers. On the Schedule A for New York State, credit was taken on Line 1 for the \$20,000 taxed by New York State. They are not entitled to a property tax deduction or credit and will complete only Column B on each Schedule A.

Remember, income can only be reported once on Line 1, Schedule A. When completing Schedule A for Yonkers, Line 1 was \$10,000 (not \$30,000), since a credit had already been claimed on the Schedule A for New York State for \$20,000, which is the balance of the \$30,000 total income. Likewise, Line 9 of the Schedule A for Yonkers should not be \$135, since that is the tax paid on \$30,000. Line 9 must be \$45, the tax paid to Yonkers on \$10,000, which is the amount on Line 1 of the Schedule A for Yonkers.

In this example, the total credit for Line 39, Form NJ-1040 is \$348 (\$303 Credit Allowed on the Schedule A for New York State plus \$45 Credit Allowed on the Schedule A for Yonkers).

Credit for Taxes Paid to New York State

Schedule A CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION		If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.			
A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE ENCLOSED WITH FORM NJ-1040					
1.	Income actually taxed by other jurisdiction during tax year (indicate name <u>New York State</u>) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)	1.	20,000		
2.	Income subject to tax by New Jersey (From Line 27, Form NJ-1040)	2.	45,000		
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	3.	44.4 %		
		1	20,000		
		2	45,000		
IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN		COLUMN A		COLUMN B	
4.	Taxable Income (after Exemptions and Deductions) from Line 35, Form NJ-1040	4.	43,000		
5.	Property Tax and Deduction Enter property tax or 18% of rent due and paid in 2000. See instructions. Eligible amount (Box A, or \$10,000, whichever is less) See instructions.	5.	- 0 -		
6.	New Jersey Taxable Income (Line 4 minus Line 5)	6.	43,000		
7.	Tax on Line 6 amount (From Tax Tables or Tax Rate Schedules)	7.	683		
8.	Maximum Allowable Credit (Line 3 times Line 7)	8.	303		
9.	Credit for Taxes Paid to Other Jurisdictions Enter in Box B the income or wage tax paid to other jurisdictions during tax year on income shown on Line 1. See instructions. Credit allowed. (Enter lesser of Line 8 or Box B) (The credit may not exceed your New Jersey tax on Line 38).	9.	303		
		B.	1,600		

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 39, Form NJ-1040. Make no entry on Lines 36 or 44, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet F to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

Credit for Taxes Paid to Other Jurisdictions

Credit for Taxes Paid to Yonkers

Schedule A CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION		If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.			
A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE ENCLOSED WITH FORM NJ-1040					
1.	Income actually taxed by other jurisdiction during tax year (indicate name <u>Yonkers</u>) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)	1.	10,000		
2.	Income subject to tax by New Jersey (From Line 27, Form NJ-1040)	2.	45,000		
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	3.	22.2 %		
		COLUMN A		COLUMN B	
4.	Taxable Income (after Exemptions and Deductions) from Line 35, Form NJ-1040	4.	43,000		
5.	Property Tax and Deduction Enter property tax or 18% of rent due and paid in 2000. See instructions. Eligible amount (Box A, or \$10,000, whichever is less) See instructions.	5.	- 0 -		
6.	New Jersey Taxable Income (Line 4 minus Line 5)	6.	43,000		
7.	Tax on Line 6 amount (From Tax Tables or Tax Rate Schedules)	7.	683		
8.	Maximum Allowable Credit (Line 3 times Line 7)	8.	152		
9.	Credit for Taxes Paid to Other Jurisdictions Enter in Box B the income or wage tax paid to other jurisdictions during tax year on income shown on Line 1. See instructions. Credit allowed. (Enter lesser of Line 8 or Box B) (The credit may not exceed your New Jersey tax on Line 38).	9.	45		

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 39, Form NJ-1040. Make no entry on Lines 36 or 44, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet F to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

Example #5

Same Income Taxed By Two Jurisdictions

Joe and Sally Smith are married, filing jointly, and are full year New Jersey residents. Joe and Sally earned a total of \$175,000, which includes Sally's New Jersey wages of \$25,000. On Joe's business in New York City the following taxes are paid:

1. To New York State, on income of \$75,000, tax of \$6,600.
2. To New York City for Unincorporated Business Tax (UBT), on income of \$100,000, tax of \$4,000.

To determine the total tax credit for Line 39 on Form NJ-1040, the Smiths must complete two separate Schedules As, one for New York State and one for New York City UBT. On Schedule A for New York State, Line 1 is the income actually

taxed by New York State or \$75,000. The Smiths are not entitled to a property tax deduction or credit and will complete only Column B on each schedule.

Remember, income can only be reported once on Line 1 of Schedule A. When completing the separate Schedule A for the New York City UBT credit, Line 1 is \$25,000, since income of \$75,000 has already been claimed on the Schedule A completed for New York State. The amount of taxes paid to the other jurisdiction in Box B, Line 9 of the Schedule A for the New York UBT must be no larger than \$1,000, which is that portion of New York City UBT paid on the \$25,000 reported on Line 1. In this example, the total credit for Line 39, Form NJ-1040 is \$2,987 from the New York State Schedule A and \$998 from the New York City UBT Schedule A, for a total of \$3,985.

Credit for Taxes Paid to New York State

Schedule A CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION		If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.			
A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE ENCLOSED WITH FORM NJ-1040					
1.	Income actually taxed by other jurisdiction during tax year (indicate name <u>New York State</u>) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)	1.	75,000		
2.	Income subject to tax by New Jersey (From Line 27, Form NJ-1040)	2.	175,000		
3.	Maximum Allowable Credit Percentage <u>1</u> 75,000 (Divide Line 2 into Line 1) <u>2</u> 175,000	3.	42.8 %		
IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN		COLUMN A		COLUMN B	
4.	Taxable Income (after Exemptions and Deductions) from Line 35, Form NJ-1040	4.		4.	173,000
5.	Property Tax and Deduction Enter property tax or 18% of rent due and paid in 2000. See instructions. Eligible amount (Box A, or \$10,000, whichever is less) See instructions.	A.		5.	- 0 -
6.	New Jersey Taxable Income (Line 4 minus Line 5)	6.		6.	173,000
7.	Tax on Line 6 amount (From Tax Tables or Tax Rate Schedules)	7.		7.	6,978
8.	Maximum Allowable Credit (Line 3 times Line 7)	8.		8.	2,987
9.	Credit for Taxes Paid to Other Jurisdictions Enter in Box B the income or wage tax paid to other jurisdictions during tax year on income shown on Line 1. See instructions. Credit allowed. (Enter lesser of Line 8 or Box B) (The credit may not exceed your New Jersey tax on Line 38).	B.	6,600	9.	2,987

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 39, Form NJ-1040. Make no entry on Lines 36 or 44, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet F to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

Credit for Taxes Paid to Other Jurisdictions

Credit for Taxes Paid to New York City (UBT)

Schedule A		CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION		If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.			
A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE ENCLOSED WITH FORM NJ-1040							
1.	Income actually taxed by other jurisdiction during tax year (indicate name <u>New York City (UBT)</u>) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)						
		1.			25,000		
2.	Income subject to tax by New Jersey (From Line 27, Form NJ-1040)	2.			175,000		
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1	25,000				
		2	175,000			14.3 %	
IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN				COLUMN A		COLUMN B	
4.	Taxable Income (after Exemptions and Deductions) from Line 35, Form NJ-1040	4.			4.	173,000	
5.	Property Tax and Deduction Enter property tax or 18% of rent due and paid in 2000. See instructions. Eligible amount (Box A, or \$10,000, whichever is less) See instructions.	A.			5.	- 0 -	
6.	New Jersey Taxable Income (Line 4 minus Line 5)	6.			6.	173,000	
7.	Tax on Line 6 amount (From Tax Tables or Tax Rate Schedules)	7.			7.	6,978	
8.	Maximum Allowable Credit (Line 3 times Line 7)	8.			8.	998	
9.	Credit for Taxes Paid to Other Jurisdictions Enter in Box B the income or wage tax paid to other jurisdictions during tax year on income shown on Line 1. See instructions. Credit allowed. (Enter lesser of Line 8 or Box B) (The credit may not exceed your New Jersey tax on Line 38).	B.	1,000		9.	998	

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 39, Form NJ-1040. Make no entry on Lines 36 or 44, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet F to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

Income from Pennsylvania

As a result of the Reciprocal Personal Income Tax Agreement between the Commonwealth of Pennsylvania and the State of New Jersey, *wages, salaries and other compensation* paid to New Jersey residents employed in Pennsylvania are not subject to Pennsylvania income tax. Thus, a New Jersey resident may not claim a credit on Schedule A for taxes paid to Pennsylvania on employee compensation, because the earnings are not subject to tax in Pennsylvania.

When Pennsylvania tax is withheld from a New Jersey resident's wages in error, a Pennsylvania nonresident return must be filed to obtain a refund. To stop the withholding of Pennsylvania income tax, complete a Pennsylvania Employee's Statement of Nonresidence in Pennsylvania and Authorization to Withhold Other State's Income Tax (Pennsylvania Form REV-420) and give it to your employer. You may obtain this form from the Pennsylvania Department of Revenue.

The Reciprocal Agreement covers employee compensation (wages, tips, fees, commissions, etc.) only. A New Jersey resident who is self-employed or who receives income other than wages (e.g., gain from sale of property) which is taxable in both states, may claim a credit for the taxes paid to Pennsylvania on that income by completing Schedule A. In no case will a credit be allowed for taxes wrongly paid to Pennsylvania on employee compensation.

Income from Philadelphia

The New Jersey/Pennsylvania Reciprocal Agreement does not apply to the income or wage

tax imposed and collected by the City of Philadelphia or any other municipality in Pennsylvania. Therefore, income subject to both New Jersey income tax and wage or income tax imposed by a municipality outside of New Jersey may be included on Line 1, Schedule A. A copy of the W-2 (or other jurisdiction's tax return) must be enclosed with the New Jersey return to show the amount of municipal income tax paid.

To determine the proper amount of income to place on Line 1 of Schedule A, Form NJ-1040, you must divide the wage tax deducted (from "Local income tax" section on the W-2) by the Philadelphia nonresident tax rate (.040112 from January 1 to June 30, 2000 and .039672 from July 1 to December 31, 2000) as follows:

$$\frac{\text{Philadelphia Wage Tax}}{\text{Philadelphia Wage Tax Rate}} = \text{Line 1, Schedule A}$$

The amount reported at Line 1 cannot be more than the amount reported at Line 14, Form NJ-1040, as Philadelphia wages. Do not round off the Philadelphia Wage Tax figure from the W-2 before performing this calculation. Use the exact amount shown on the W-2 statement.

Credit for Taxes Paid to Other Jurisdictions

Example #6

Income From Philadelphia

Don Jackson was a full year New Jersey resident filing a single return with one exemption. Don earned \$10,000 in wages in Philadelphia. His Philadelphia wage tax was \$191.98 from January 1 to June 30 and \$189.87 from July 1 to December 31, 2000. His interest was \$1,500 and his dividends were \$450. He is not eligible for a property tax deduction or credit and will complete

only Column B of Schedule A to calculate his credit for taxes paid to another jurisdiction.

January 1, 2000 – June 30, 2000

$$\frac{\text{Philadelphia Wage Tax } \$191.98}{\text{Philadelphia Wage Tax Rate } .040112} = \$4,786$$

July 1, 2000 – December 31, 2000

$$\frac{\text{Philadelphia Wage Tax } \$189.87}{\text{Philadelphia Wage Tax Rate } .039672} = \$4,786$$

Income Taxed by Philadelphia \$9,572

Schedule A CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION		If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.			
A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE ENCLOSED WITH FORM NJ-1040					
1.	Income actually taxed by other jurisdiction during tax year (indicate name <u>Philadelphia</u>) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)	1.	9,572		
2.	Income subject to tax by New Jersey (From Line 27, Form NJ-1040)	2.	11,950		
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1) <div style="display: flex; justify-content: space-between; width: 100%;"><div>1 9,572</div><div>2 11,950</div></div>	3.	80.1 %		
IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN		COLUMN A		COLUMN B	
4.	Taxable Income (after Exemptions and Deductions) from Line 35, Form NJ-1040	4.		4.	10,950
5.	Property Tax and Deduction Enter property tax or 18% of rent due and paid in 2000. See instructions. Eligible amount (Box A, or \$10,000, whichever is less) See instructions. <div style="display: flex; align-items: center;"><div style="border: 1px solid black; padding: 2px 5px; margin-right: 5px;">A.</div><div style="border: 1px solid black; width: 100px; height: 20px;"></div></div>	5.		5.	- 0 -
6.	New Jersey Taxable Income (Line 4 minus Line 5)	6.		6.	10,950
7.	Tax on Line 6 amount (From Tax Tables or Tax Rate Schedules)	7.		7.	154
8.	Maximum Allowable Credit (Line 3 times Line 7)	8.		8.	123
9.	Credit for Taxes Paid to Other Jurisdictions Enter in Box B the income or wage tax paid to other jurisdictions during tax year on income shown on Line 1. See instructions. Credit allowed. (Enter lesser of Line 8 or Box B) (The credit may not exceed your New Jersey tax on Line 38). <div style="display: flex; align-items: center;"><div style="border: 1px solid black; padding: 2px 5px; margin-right: 5px;">B.</div><div style="border: 1px solid black; width: 100px; height: 20px; text-align: center;">382</div></div>	9.		9.	123

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 39, Form NJ-1040. Make no entry on Lines 36 or 44, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet F to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

Changes Due to Audit

When an audit by another state or political subdivision changes the amount of tax paid to that jurisdiction, it will result in an adjustment to the credit claimed on your New Jersey return. You are required to file an amended New Jersey return, Form NJ-1040X for the year(s) involved in the audit. In the case of an additional refund, the statute of limitations does not preclude you from requesting the refund.

Estimated Tax Payments

Individuals who expect their New Jersey Gross Income Tax liability to be more than \$400 after taking into account all their exemptions, deductions, credits and payments for the tax year are required to make quarterly estimated tax payments. This requirement may affect taxpayers who do not have New Jersey income tax withheld from their wages and/or pension, those who do not have enough tax withheld, those who are self-employed, or those

whose income is from sources such as interest, dividends or capital gains, which are not covered by withholding tax. Use Form NJ-1040-ES to file estimated tax payments when due. For more information on estimated taxes, request Tax Topic Bulletin GIT-8, *Estimating Income Taxes*.

Avoiding Mistakes

- Check your arithmetic.
- Enter the name of the taxing jurisdiction in the space provided on Line 1 of Schedule A.
- Complete and enclose a separate Schedule A for each taxing jurisdiction.
- Enclose a completed copy of the tax return you filed with the other jurisdiction.
- If no tax return is required by the taxing jurisdiction, be sure to enclose a W-2 form which indicates the name of the taxing jurisdiction and the amount of tax withheld.

Taxpayers' Bill of Rights

The New Jersey Taxpayers' Bill of Rights ensures that taxpayers are accorded fair and equitable treatment and receive the information and assistance they need to understand and meet their State tax responsibilities. To find out more, contact the Division of Taxation.

For More Information

For more information about credit for taxes paid to other jurisdictions, contact the Division's Customer Service Center at 609-292-6400, e-mail us at taxation@tax.state.nj.us, or write to

NEW JERSEY DIVISION OF TAXATION
TECHNICAL SERVICES
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Many State tax forms and publications are now available by fax and through the World Wide Web. Call NJ TaxFax at 609-826-4500 from your fax machine's phone or access the Division's home page via your computer's modem at: <http://www.state.nj.us/treasury/taxation/>